



## RESOLUTION

URGING THE DIRECTOR OF BUDGET AND FISCAL SERVICES TO ESTABLISH THE SAME PROCEDURES FOR THE DISBURSEMENT OF MONEYS TO THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION AS THOSE FOLLOWED BY THE FEDERAL TRANSIT ADMINISTRATION CONCERNING THE DRAWDOWN REIMBURSEMENT PROCESS.

WHEREAS, the Minimum Operable Segment ("MOS") of the Honolulu High-Capacity Transit Corridor Project ("Rail Project"), as established in Resolution 08-261, calls for a 21-mile alignment connecting East Kapolei with the Ala Moana Shopping Center, with a total of 20 transit stations; and

WHEREAS, in the Final Financial Plan for the Full Funding Grant Agreement between the City and the Federal Transit Administration, dated June 2012, the estimated cost for the Rail Project was \$5.163 billion; and

WHEREAS, on October 15, 2015, the Honolulu Authority for Rapid Transportation ("HART"), the agency charged with construction of the Rail Project, projected that the cost for the Rail Project would be \$6.178 billion; and

WHEREAS, on December 1, 2016, HART submitted the Draft Update of the Financial Plan for the Full Funding Grant Agreement which stated that the estimated cost, with additional funding for financing, required to complete the MOS for the Rail Project is approximately \$9.5 billion, which, based on current revenue projections, would result in a shortfall of \$2.847 billion; and

WHEREAS, recent discussions with officials of the Federal Transit Administration have indicated that the City must complete construction of the MOS as agreed in the Full Funding Grant Agreement or it may be required to repay the federal government for its financial contributions to the project to date; and

WHEREAS, on April 15, 2016, the City Auditor issued the Audit of the Honolulu Authority for Rapid Transportation which included specific findings concerning HART's failure to construct the Rail Project economically, effectively, and efficiently; and

WHEREAS, pursuant to Section 17-108 of the Revised Charter of the City and County of Honolulu 1973 (2017 Edition), the Director of Budget and Fiscal Services ("BFS Director") must establish procedures for the approval of disbursements of money to HART; and



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WHEREAS, it is the Council's understanding that the current BFS procedures do not provide for the sufficient or the necessary oversight over the disbursement of moneys for the Rail Project; and

WHEREAS, it is the Council's belief that the Rail Project would be constructed in a more fiscally responsible manner if the BFS Director has oversight over the disbursements for the Rail Project with the same level of control that the Federal Transit Administration has over the Federal moneys used for the Rail Project; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it urges the Director of Budget and Fiscal Services to adopt the same drawdown and reimbursement procedures for the disbursement of moneys to the Honolulu Authority for Rapid Transportation as those followed by the Federal Transit Administration for Federal money used for the Rail Project; and

BE IT FURTHER RESOLVED, that these procedures will include the same procedures for reimbursements of expenditures that are followed by the Federal Transit Administration; and



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 17-210

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## RESOLUTION

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BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Director of Budget and Fiscal Services and the Executive Director and Chair of the Board of Directors of the Honolulu Authority for Rapid Transportation.

INTRODUCED BY

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DATE OF INTRODUCTION:

**AUG 8 2017**

Honolulu, Hawaii

Councilmembers

FILED  
**AUG 08 2018**  
PURSUANT TO RCH Sec. 1-2.5